

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

MILO H. SEGNER, JR.,
Plaintiff,

v.

SECURITIES AMERICA, INC.,
et al.,
Defendants.

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Civil Action No. 3:10-cv-1884

JOINT-STATUS REPORT

TO THE HONORABLE JUDGE OF SAID COURT:

Pursuant to the Court’s request, Milo H. Segner, Jr., as Trustee of the PR Liquidating Trust (“Trustee”), and Defendants file this Joint-Status Report:

1. The Trustee brought two types of claims against each Defendant in this litigation. The first type is a fraudulent transfer claim that the Trustee asserts pursuant to 11 U.S.C. §§ 548, 550 and the Texas Uniform Fraudulent Transfer Act (the “*Fraudulent Transfer Claims*”). The second type of claim consists of claims assigned to the PR Liquidating Trust by investors in the Provident Royalties Ponzi scheme (the “*Assigned Claims*”). See Plaintiff’s First Amended Complaint [Doc. 141]. Judge Furgeson previously stayed the Assigned Claims and ordered that they be resolved in arbitration. [Doc. 131]. The Fraudulent Transfer Claims remained before the Court. For some Defendants the status of the Fraudulent Transfer Claims may differ from the status of the Assigned Claims. This report will specifically identify those instances.

2. For the Court’s reference and convenience, the Trustee has attached a chart summarizing the information to follow. Please see **Exhibit “A.”**

I. DEFAULTED DEFENDANTS

3. The Defendants below failed to answer. A Clerk's Entry of Default was entered against each of these Defendants on October 28, 2010 when the case was pending before the United States Bankruptcy Court for the Northern District of Texas (Hale, J.).

- a. United Equity Securities, LLC,
- b. Barron Moore, Inc.,
- c. Waterford Investor Services, Inc.,
- d. VCROSS Capital Markets, LLC f/k/a Asset Management Strategies,
- e. Main Street Securities,
- f. United Securities Alliance, Inc., and
- g. Community Bankers Securities, LLC.

4. On October 2, 2012 the Trustee first moved for default judgments against these Defendants. [Doc. 298]. In a hearing on November 19, 2012, Judge Furgeson requested the Trustee to submit orders severing the Trustee's claims against each of these Defendants so that a default judgment could be entered in the severed action. The Trustee submitted the orders, but they were never signed. In accordance with the Court's recent order, the Trustee re-filed its Motion for Default Judgment on June 17, 2013. [Doc. 373]. An amended motion was filed on June 24, 2013 which removed the severance language as that step in the process has become unnecessary given case advancement since October 2012. [Doc. 376]

II. DEFENDANTS IN BANKRUPTCY

5. Defendants QA3, Okoboji, Empire Financial, Jesup & Lamont Securities, Private Asset Group, Inc. and E-planning.com Securities, have all filed bankruptcy, and there are no claims remaining that necessitate a trial on the merits. The Trustee has filed proof of claims

against each of these defendants and continues to pursue those claims in the appropriate bankruptcy courts. The Trustee will move to sever these claims in order to facilitate a final judgment on the remainder of this matter.

III. DEFENDANTS SETTLED AND DISMISSED

6. The Trustee has settled all claims with and dismissed the following Defendants from this litigation:

- a. Advisory Group Equity Services, Ltd.,
- b. Sterling Enterprises Group, Inc.,
- c. David Harris & Co., Inc.,
- d. Eagle One Investments, LLC,
- e. WFG Investments, Inc.,
- f. American Portfolios Financial Services, Inc.,
- g. Chester Harris & Co.,
- h. First Allied Securities, Inc.,
- i. Questar Capital Corp.,
- j. Summit Brokerage Services, Inc.,
- k. Ausdal Financial Partners, Inc.,
- l. Callaway Financial Services, Inc.,
- m. Investors Capital Corp.,
- n. Milkie Ferguson Investments, Inc.,
- o. Securities America, Inc.,
- p. Westpark Capital, Inc.,
- q. Newbridge Securities Corp.,

- r. CapWest Securities, Inc.,
- s. Capital Financial Services, Inc., and
- t. Calton & Associates, Inc.

No further action is need by the Court on these matters.

IV. SETTLED – DISMISSAL PENDING

7. The Trustee has settled with the Defendants below, but some of the settlements are not fully funded. The Defendants will be dismissed after funds are received.

- a. Wedbush Morgan Securities Inc.,¹
- b. AFA Financial Group, LLC, ²
- c. Crescent Securities Group, Inc.,³
- d. Kaiser & Company,⁴
- e. National Securities Corporation and its parent company National Holdings Corp., and
- f. NEXT Financial Group.

No further action is needed by the Court on these matters at this time, except dismissing Wedbush Morgan Securities, Inc.; AFA Financial Group, LLC; Crescent Securities Group, Inc.; and Kaiser & Company.

8. The Trustee reached a settlement with Defendant DeWaay Financial Network. This is part of a settlement that the Iowa state court approved. The settlement funds will be

1 The Trustee filed the Agreed Motion to Dismiss Defendant Wedbush Morgan Securities, Inc. on June 24, 2013. [Doc. 375].

2 The Trustee's settlements with AFA Financial Group, LLC has fully funded and the Trustee will file the Motion to Dismiss AFA Financial Group, LLC contemporaneously with this Joint Status Report.

3 The Trustee's settlement with Crescent Securities Group, Inc. has fully funded and the Trustee will file the Motion to Dismiss Crescent Securities Group, Inc. contemporaneously with this Joint Status Report.

4 The Trustee's settlement with Kaiser & Company has fully funded, and the Trustee will file the Motion to Dismiss Kaiser & Company contemporaneously with this Joint Status Report.

distributed in accordance with the terms of the settlement. No further action is needed by the Court on this matter at this time.

V. REMAINING DEFENDANTS

9. The Court previously ordered that the Assigned Claims be stayed and ordered to arbitration. [Doc. 131]. The Fraudulent Transfer Claims were not stayed or ordered to arbitration and remain pending before the Court. The status of the claims against the remaining Defendants is set forth below.

A. Fraudulent Transfer Claims Against the Unrepresented Remaining Defendants.

10. The Court previously ordered the Defendants listed below to have an attorney file an appearance on or before September 14, 2012. [Doc. 278]. The Court stated it would “strike the Answers of all Defendants who fail to do so and will enter default against them.” [Doc. 278]. None of these Defendants had an attorney file an appearance, and the Trustee submitted proposed orders to the Court on December 12, 2012. These orders were not signed. Therefore, pursuant to the Court’s recent order [Doc. 372], the Trustee filed his motion on June 24, 2013, to strike the answers of the following Defendants and for default judgment against them on the Fraudulent Transfer Claims:

- a. Boogie Investment Group, Inc.,
- b. Brookstone Securities, Inc.,
- c. Harrison Douglas, Inc.,
- d. Lighthouse Capital Corporation,
- e. Meadowbrook Securities, LLC,
- f. Matheson Securities, LLC,
- g. Securities Network, LLC,

- h. WFP Securities Corporation, and
- i. Workman Securities Corporation.

B. Assigned Claims in Arbitration Against the Remaining Defendants.

11. To date, the Trustee has received arbitration awards against the following Defendants:

- a. Boogie Investment Group, Inc.,
- b. Securities Network, LLC, and
- c. WFP Securities Corporation,
- d. Meadowbrook Securities, LLC, and
- e. Harrison Douglas, Inc.,

The Trustee is still pursuing an arbitration award from Newport Coast Securities, Inc. The final hearing against Newport Coast Securities, Inc. is set for August 6-8, 2013. Pursuant to 9 U.S.C. § 9, any party to the arbitration may apply to the Court for an order confirming an award, and the Court must grant such an order unless the award is vacated, modified, or corrected as prescribed in 9 U.S.C. §§ 10-11 or any other applicable federal or state statutes. As a result, the Trustee will apply to this Court for a confirmation of these awards under 9 U.S.C. § 9 upon completion of the arbitration process.

12. Additionally, the Trustee has agreed to settlement terms for the Assigned Claims against Brookstone Securities, Inc. and Workman Securities Corporation.⁵ Once those settlements are completed, the Trustee will submit motions to dismiss the assigned claims. Motion to dismiss the Assigned Claims against Matheson Securities, L.L.C. and Lighthouse Capital Corp. will be

⁵ The terms of the settlement include an agreed arbitration award. If the award is signed by the arbitration panel, then the Trustee will apply to the Court to confirm the award.

filed as the Trustee also resolved those claims (though the Trustee is still pursuing a default of the Fraudulent Transfer Claims in this Court).

13. The Parties stand ready to answer any questions or concerns the Court may have regarding the status of these matters.

VI. CONCLUSION

14. The parties believe that no deadlines need to be imposed by the Court at this time. The parties are concluding the ministerial acts necessary to complete the judgments or settlements as described above. The parties hope that all matters will be resolved by the end of 2013.

15. WHEREFORE, premises considered, the parties respectfully submit the forgoing Status Report.

Respectfully submitted,

SOMMERMAN & QUESADA, L.L.P.

/s/ **Andrew B. Sommerman**

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ATTORNEYS FOR PLAINTIFF

CERTIFICATE OF SERVICE

I hereby certify this 25th day of June, 2013 that a copy of the foregoing document was filed electronically in compliance with Local Rule 5.1(e). Therefore, this document was served on all counsel receiving electronic service in this case. Local Rule 5.1(d)

I hereby certify this 25th day of June, 2013 that a copy of the foregoing document was served on the following via certified mail return receipt requested:

AFA Financial Group, LLC
26135 Mureau Road
Ste. 201
Calabasa, CA 91303

Lighthouse Capital Corp.
C/O Robert J. Zamecki
659 Abrego Street, Suite 6
Monterey, CA 93940

Boogie Investment Group, Inc.
c/o Daniel P. Deighan
47 West New Haven Avenue
Suite 101
Melbourne, FL 32901

Meadowbrook Securities, LLC
C/O Alberta Williams
4266 I-55 North, Suite 106
Meadowbrook Office Park
Jackson, MS 39211

Harrison Douglas, Inc.
Douglas W. Schriener
24211 E. Wyoming Pl.
Aurora, CO 80018

Matheson Securities, LLC
C/O Robert Matheson
23160 Fashion Dr., 225
Estero, FL 33928

Securities Network LLC
c/o Jonathan Self
The Pinnacle Building
3455 Peachtree Road North East, 5th
Floor
Atlanta, GA 30326

WFP Securities Corp.
C/O John Schooler
3830 Valley Center Drive
Suite 705-561
San Diego, CA 92130

Dennis C. Dice
Marshall Dennehey & Warner
600 Grant Street, Suite 2900
Pittsburgh, PA 15219

Workman Securities Corp.
C/O Paul J. Maxa
8873 Aztec Drive
P.O. Box 46177
Eden Prairie, MN 55344

Brookstone Securities Inc.
C/O David W. Locy
P.O. Box 25566
Overland Park, KS 66225

United Equity Securities
c/o Larry Ivan Behrends
10700 Richmond Ave., Suite 252
Houston, TX 77042

United Securities
Registered agent,
Corporation Service Company
560 Broadway, Suite 2090
Denver, CO 80202

Barron Moore, Inc.
c/o Kathleen A. Moore
3710 Rawlins St., Suite 800
Dallas, TX 75219

Barron Moore, Inc.
c/o Kathleen A. Moore
381 Casa Linda Plaza, PMB 138
Dallas, TX 75218

Waterford
Registered agent
CT Corporate System
1200 South Pine Island Rd.
Plantation, FL 33324

Main St.
c/o Bob Arthur Meckenstock
1407 Main St.
Hays, KS 67601

VCross
Registered agent
CT Corporation System
One Corporate Center
11th Floor
Hartford, Connecticut 06103-3220

Community Bankers
Registered agent
CT Corporation System
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St. Petersburg, FL 33701

/s/ Andrew B. Sommerman

EXHIBIT "A"

Broker-Dealer	Assigned Claims	Fraudulent Transfer Claims
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I. Defaulted Defendants

United Equity Securities, LLC,	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]
Barron Moore, Inc.,	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]
Waterford Investor Services, Inc.,	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]
VCROSS Capital Markets, LLC f/k/a Asset Management Strategies,	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]
Main Street Securities,	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]
United Securities Alliance, Inc., and	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]
Community Bankers Securities, LLC.	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]	Subject to Default, Trustee's Motion for Default Judgment. [Doc. 376]

II. Defendants in Bankruptcy

QA3	Pursuing in bankruptcy court	Pursuing in bankruptcy court
Okoboji	Pursuing in bankruptcy court	Pursuing in bankruptcy court
Empire Financial	Pursuing in bankruptcy court	Pursuing in bankruptcy court
Jesup & Lamont Securities	Pursuing in bankruptcy court	Pursuing in bankruptcy court
Private Asset Group, Inc.	Pursuing in bankruptcy court	Pursuing in bankruptcy court
E-planning.com Securities	Pursuing in bankruptcy court	Pursuing in bankruptcy court

III. Defendants Settled and Dismissed

Advisory Group Equity Services, Ltd.,	Dismissed	Dismissed
Sterling Enterprises Group, Inc.,	Dismissed	Dismissed
David Harris & Co., Inc.,	Dismissed	Dismissed
Eagle One Investments, LLC,	Dismissed	Dismissed
WFG Investments, Inc.,	Dismissed	Dismissed
American Portfolios Financial Services, Inc.,	Dismissed	Dismissed
Chester Harris & Co.,	Dismissed	Dismissed
First Allied Securities, Inc.,	Dismissed	Dismissed
Questar Capital Corp.,	Dismissed	Dismissed
Summit Brokerage Services, Inc.,	Dismissed	Dismissed

Broker-Dealer	Assigned Claims	Fraudulent Transfer Claims
Ausdal Financial Partners, Inc.,	Dismissed	Dismissed
Callaway Financial Services, Inc.,	Dismissed	Dismissed
Investors Capital Corp.,	Dismissed	Dismissed
Calton & Associates, Inc	Dismissed	Dismissed
Milkie Ferguson Investments, Inc.,	Dismissed	Dismissed
Securities America, Inc.,	Dismissed	Dismissed
Westpark Capital, Inc.,	Dismissed	Dismissed
Newbridge Securities Corp.,	Dismissed	Dismissed
CapWest Securities, Inc., and	Dismissed	Dismissed
Capital Financial Services, Inc.	Dismissed	Dismissed

IV. Settled - Dismissal Pending

Wedbush Morgan Securities Inc.,	Trustee filed Motion to Dismiss [Doc. 375]	Trustee filed Motion to Dismiss [Doc. 375]
AFA Financial Group, LLC,	Trustee will file Motion to Dismiss contemporaneously with the Joint Status Report	Trustee will file Motion to Dismiss contemporaneously with the Joint Status Report
Crescent Securities Group, Inc.,	Trustee will file Motion to Dismiss contemporaneously with the Joint Status Report	Trustee will file Motion to Dismiss contemporaneously with the Joint Status Report
Kaiser & Company,	Trustee will file Motion to Dismiss contemporaneously with the Joint Status Report	Trustee will file Motion to Dismiss contemporaneously with the Joint Status Report
National Securities Corporation and its parent company National Holdings Corp.	Trustee will file Motion to Dismiss	Trustee will file Motion to Dismiss
NEXT Financial Group.	Trustee will file Motion to Dismiss	Trustee will file Motion to Dismiss
DeWaay Financial Network	Settlement funds pending	Settlement funds pending

V. Remaining Defendants

Boogie Investment Group, Inc.,	Arbitration Award: Trustee will file Motion to Confirm Award	Subject to Default, Trustee's Motion to Strike and for Default Judgment. [Doc. 378]
Brookstone Securities, Inc.,	Tentative Settlement	Subject to Default, Trustee's Motion to Strike and for Default Judgment. [Doc. 378]
Harrison Douglas, Inc.,	Arbitration Default: Trustee will file Motion to Confirm Award	Subject to Default, Trustee's Motion to Strike and for Default Judgment. [Doc. 378]
Lighthouse Capital Corporation,	Dismissed	Subject to Default, Trustee's Motion to Strike and for Default Judgment. [Doc. 378]
Meadowbrook Securities, LLC,	Arbitration Default: Trustee will file Motion to Confirm Award	Subject to Default, Trustee's Motion to Strike and for Default Judgment. [Doc. 378]
Matheson Securities, LLC,	Dismissed	Subject to Default, Trustee's Motion to Strike and for Default Judgment. [Doc. 378]

Broker-Dealer	Assigned Claims	Fraudulent Transfer Claims
Securities Network, LLC,	Arbitration Award: Trustee will file Motion to Confirm Award	Subject to Default, Trustee's Motion to Strike and for Default Judgment. [Doc. 378]
WFP Securities Corporation, and	Arbitration Award: Trustee will file Motion to Confirm Award	Subject to Default, Trustee's Motion to Strike and for Default Judgment. [Doc. 378]
Workman Securities Corporation.	Tentative Agreed Arbitration Award: Trustee will file Motion to Confirm Award	Subject to Default, Trustee's Motion to Strike and for Default Judgment. [Doc. 378]
Newport Coast Securities, Inc.	Arbitration Hearing set for August 6-8, 2013	Dismissed